



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

May 30, 2013

Contact: Andy Nielsen
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The Office of Auditor of State today released an audit report on Carroll County, Iowa.

The County had local tax revenue of \$27,496,110 for the year ended June 30, 2012, which included \$1,324,740 in tax credits from the state. The County forwarded \$21,178,851 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,317,259 of the local tax revenue to finance County operations, an 8.5% decrease from the prior year. Other revenues included charges for service of \$2,771,894, operating grants and contributions of \$4,975,658, capital grants and contributions of \$888,654, local option sales tax of \$994,372, unrestricted investment earnings of \$111,282 and other general revenues of \$187,612.

Expenses for County operations totaled \$16,437,218, a 2% increase over the prior year. Expenses included \$5,882,903 for roads and transportation, \$3,040,532 for public safety and legal services and \$2,751,414 for mental health.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1210-0014-B00F.pdf>.

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CARROLL COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2012

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Carroll County

Carroll County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Beardmore	Board of Supervisors	Jan 2013
Neil Bock	Board of Supervisors	Jan 2013
Eugene Meiners	Board of Supervisors	Jan 2013
Marty Danzer	Board of Supervisors	Jan 2015
Dan Nieland	Board of Supervisors	Jan 2015
Joan Schettler	County Auditor	Jan 2013
Peggy Weitzl	County Treasurer	Jan 2015
Marilyn Dopheide	County Recorder	Jan 2015
Douglas R. Bass	County Sheriff	Jan 2013
John Werden	County Attorney	Jan 2015
Diane S. Janning	County Assessor	Jan 2016

Carroll County



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Independent Auditor's Report

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit.

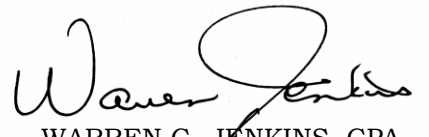
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2013 on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 52 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion on it or provide any assurance on the required supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 8.4%, or approximately \$1,481,000, from fiscal year 2011 to fiscal year 2012. Capital grants and contributions decreased approximately \$98,000, operating grants and contributions decreased approximately \$907,000 and property and other county tax decreased approximately \$574,000.
- Governmental activities expenses increased 1.9%, or approximately \$305,000, in fiscal year 2012 over fiscal year 2011. Non-program expenses decreased approximately \$684,000, mental health expenses increased approximately \$496,000, public safety and legal services expenses increased approximately \$86,000 and county environment and education expenses increased approximately \$237,000.
- Governmental activities net assets decreased 0.4%, or approximately \$176,000, from June 30, 2011 to June 30, 2012.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Carroll County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Carroll County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Carroll County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental, the nonmajor proprietary and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund and the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

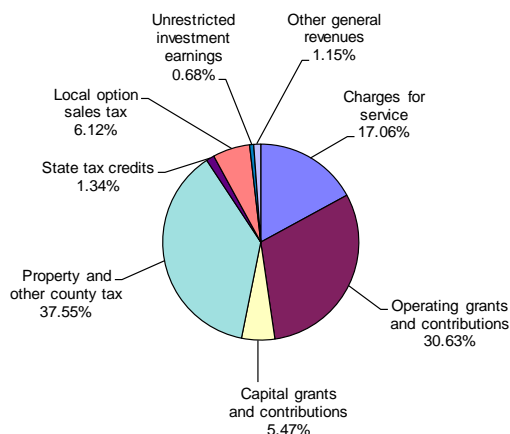
As noted earlier, net assets may serve over time as a useful indicator of financial position. Carroll County's combined net assets decreased from a year ago, from approximately \$42.4 million to approximately \$42.2 million. The analysis that follows focuses on the changes in the net assets.

Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 18,595	19,308	31	141	18,626	19,449
Capital assets	30,396	29,794	1,008	1,032	31,404	30,826
Total assets	48,991	49,102	1,039	1,173	50,030	50,275
Long-term liabilities	428	407	364	366	792	773
Other liabilities	6,996	6,952	1	119	6,997	7,071
Total liabilities	7,424	7,359	365	485	7,789	7,844
Net assets:						
Invested in capital assets, net of related debt	30,396	29,794	644	666	31,040	30,460
Restricted	7,380	7,577	-	-	7,380	7,577
Unrestricted	3,791	4,372	30	22	3,821	4,394
Total net assets	\$ 41,567	41,743	674	688	42,241	42,431

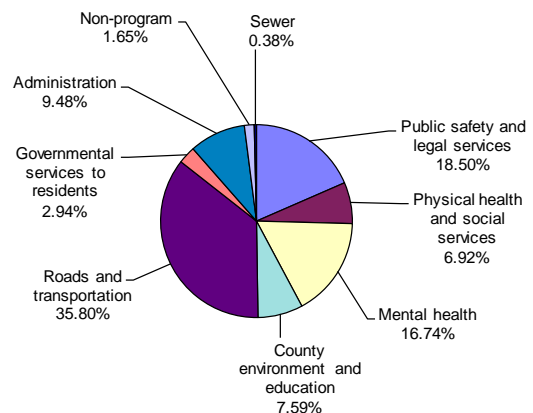
Net assets of Carroll County's governmental activities decreased 0.4% (from approximately \$41.7 million to approximately \$41.6 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted governmental activities net assets—the part of governmental activities net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately \$4,372,000 at June 30, 2011 to approximately \$3,791,000 at the end of this year, a decrease of 13.3%.

Changes in Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for service	\$ 2,728	2,376	44	18	2,772	2,394
Operating grants and contributions	4,976	5,883	-	-	4,976	5,883
Capital grants and contributions	884	982	5	325	889	1,307
General revenues:						
Property and other county tax, including tax increment financing	6,101	6,675	-	-	6,101	6,675
Penalty and interest on property tax	-	34	-	-	-	34
State tax credits	217	225	-	-	217	225
Local option sales tax	994	1,044	-	-	994	1,044
Unrestricted investment earnings	111	152	-	-	111	152
Other general revenues	187	308	-	-	187	308
Total revenues	16,198	17,679	49	343	16,247	18,022
Program expenses:						
Public safety and legal services	3,041	2,955	-	-	3,041	2,955
Physical health and social services	1,137	1,156	-	-	1,137	1,156
Mental health	2,751	2,255	-	-	2,751	2,255
County environment and education	1,248	1,011	-	-	1,248	1,011
Roads and transportation	5,883	5,868	-	-	5,883	5,868
Governmental services to residents	483	403	-	-	483	403
Administration	1,559	1,462	-	-	1,559	1,462
Non-program	272	956	-	-	272	956
Interest on long-term debt	-	3	-	-	-	3
Sewer	-	-	63	47	63	47
Total expenses	16,374	16,069	63	47	16,437	16,116
Excess (deficiency) of revenues over (under) expenses	(176)	1,610	(14)	296	(190)	1,906
Operating transfers, net	-	(55)	-	55	-	-
Change in net assets	(176)	1,555	(14)	351	(190)	1,906
Net assets beginning of year	41,743	40,188	688	337	42,431	40,525
Net assets end of year	\$ 41,567	41,743	674	688	42,241	42,431

Revenues by Source



Expenditures by Program



Carroll County's governmental activities net assets decreased approximately \$176,000 during the year. Revenues for governmental activities decreased approximately \$1,481,000 from the prior year, with capital grants and contributions decreasing approximately \$98,000 from the prior year. The County's operating grants and contributions also decreased approximately \$907,000 and property and other county tax decreased approximately \$574,000. The decreases were primarily the result of grant reimbursement reductions and debt being paid off so tax collections were reduced.

The cost of all governmental activities this year was approximately \$16.4 million compared to approximately \$16.1 million last year. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$7.8 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,728,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,860,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately \$9,241,000 in fiscal year 2011 to approximately \$8,588,000 in fiscal year 2012, principally due to a decrease in contributions for roads from the State of Iowa. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Carroll County completed the year, its governmental funds reported a combined fund balance of approximately \$10.8 million, a decrease of approximately \$381,000 from last year's total of approximately \$11.2 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were down approximately \$1,047,000 and \$566,000, respectively, due, in part, to the completion of the CDBG grant passed through to New Hope Village and New Opportunities, Incorporated. The ending fund balance decreased approximately \$240,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2012, expenditures totaled approximately \$2,741,000, an increase of approximately \$491,000, or 21.8%, over the prior year. The Special Revenue, Mental Health Fund balance increased approximately \$93,000 over the prior year to approximately \$2,607,000 at year end.
- The Special Revenue, Rural Services Fund ending fund balance decreased approximately \$4,000 from the prior year to approximately \$362,000. This decrease is primarily due to a decrease in local option sales tax (LOST) collections. The amount of LOST monies allocated to rural services was approximately \$497,000, a decrease of approximately \$25,000 from the prior year. Rural Services Fund expenditures increased approximately \$34,000 when compared to the prior year.
- The Special Revenue, Secondary Roads Fund expenditures increased approximately \$748,000 over the prior year, primarily due to an increase in road and bridge projects during the year. The Secondary Roads Fund balance decreased approximately \$385,000, or 11.4%, to approximately \$2,984,000 at year end.

BUDGETARY HIGHLIGHTS

Over the course of the year, Carroll County amended its budget two times. The first amendment was made in January 2012 and resulted in an increase in budgeted disbursements of approximately \$223,000, related primarily to the USDA grant for the Maple River sewer system, gravel purchases for Secondary Roads and a Hazard Mitigation grant.

The second amendment was made in May 2012. This amendment was made to decrease budgeted disbursements approximately \$73,000, primarily due to adjustments in Conservation and REAP projects which did not occur and adjustments for capital projects which did not occur.

The County's receipts were approximately \$571,000 more than budgeted. Intergovernmental receipts were approximately \$534,000 more than budgeted, primarily due to the road use tax and case management reimbursements being more than budgeted.

Total disbursements were approximately \$1,568,000 less than the amended budget. Actual disbursements for the mental health, roads and transportation, capital projects, public safety and legal services and physical health and social services functions were approximately \$723,000, \$328,000, \$175,000, \$139,000 and \$117,000, respectively, less than budgeted. The difference in mental health function disbursements was primarily due to the County budgeting approximately \$714,000 for vocational services in anticipation of many consumers being taken off Pre-vocational funding (Medicaid) and moved to county funded work activity. Due to the advocacy of the County's case managers, the impact was much less and the County was able to obtain Pre-vocational authorizations for a second year and keep the actual disbursements to approximately \$331,000. In addition, the County budgeted approximately \$257,000 more for supported community living than was actually disbursed due to consumers discontinuing services, passing away or moving to nursing homes. In the roads and transportation function, disbursements for snow and ice control were approximately \$175,000 less than budgeted due to mild winter weather. Also, approximately \$112,000 was budgeted for a new shed in Manning. However, the project did not occur in fiscal year 2012. The County also spent approximately \$56,000 less for gravel than budgeted. The difference in capital projects function disbursements was primarily due to the County budgeting approximately \$1,154,000 for roadway construction but only disbursing approximately \$1,010,000 for projects in fiscal year 2012. In addition, only two of the budgeted projects for County buildings were completed in fiscal year 2012. The Fricke Building upgrades and the fire alarm system for the Courthouse were completed. However, disbursements were approximately \$25,000 less than budgeted. Public safety and legal services function disbursements were less than the amount budgeted, primarily due to the County budgeting \$75,000 for juvenile victim restitution with only approximately \$49,000 in disbursements due to fewer juveniles in the system. The County budgeted \$54,985 for emergency management. However, actual disbursements were approximately \$37,000 due to the Director going part-time for the second half of fiscal year 2012. Also, disbursements were approximately \$17,000 less than budgeted for the ambulance due to two employees being injured in an ambulance crash and receiving workers compensation. Physical health and social services function disbursements for home care aides and the sanitarian were approximately \$53,000 less than budgeted due to retirements and the employees not being replaced. Also, the County Department of Human Services Office disbursed approximately \$27,000 less than budgeted for general office supplies, equipment, postage and utilities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Carroll County had approximately \$30.4 million invested in a broad range of capital assets for governmental activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$602,000, or 2.0%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 1,755	1,755
Buildings	4,207	4,333
Improvements other than buildings	66	70
Equipment and vehicles	3,746	3,675
Infrastructure	20,370	19,796
Construction in progress	252	165
Total	\$ 30,396	29,794

The County had governmental activities depreciation expense of approximately \$1,695,000 in fiscal year 2012 and total accumulated depreciation of approximately \$27,130,000 at June 30, 2012.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At both June 30, 2012 and June 30 2011, Carroll County had no long-term debt outstanding.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Carroll County's constitutional debt limit is approximately \$78 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County in June 2012 was 3.6% versus 4.1% the previous year.

These indicators were taken into account when adopting the budget for fiscal year 2013. Amounts available for appropriation in the operating budget are approximately \$17.3 million, a decrease of 0.4% from the final fiscal year 2012 budget. The County has added no major new programs or initiatives to the fiscal year 2013 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$2,436,000 by the close of fiscal year 2013.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Carroll County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Carroll County Auditor's Office, 114 E. 6th, Carroll, Iowa 51401.

Basic Financial Statements

Carroll County

Carroll County
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, pooled investments and cash equivalents:			
County Treasurer	\$ 10,572,297	27,134	10,599,431
Conservation Foundation	64,476	-	64,476
Receivables:			
Property tax:			
Delinquent	3,486	-	3,486
Succeeding year	6,073,000	-	6,073,000
Interest and penalty on property tax	55,973	-	55,973
Accounts (net of allowance for doubtful accounts of \$104,899)	125,140	3,957	129,097
Accrued interest	21,097	56	21,153
Due from other governments	684,925	-	684,925
Inventories	884,919	-	884,919
Prepaid expenses	109,224	-	109,224
Capital assets - depreciable, net of accumulated depreciation	28,389,490	982,438	29,371,928
Capital assets - nondepreciable	2,006,843	25,500	2,032,343
Total assets	48,990,870	1,039,085	50,029,955
Liabilities			
Accounts payable	491,004	1,123	492,127
Salaries and benefits payable	17,226	-	17,226
Due to other governments	415,057	-	415,057
Deferred revenue:			
Succeeding year property tax	6,073,000	-	6,073,000
Long-term liabilities:			
Portion due or payable within one year:			
USDA loans	-	4,024	4,024
Compensated absences	178,221	-	178,221
Portion due or payable after one year:			
USDA loans	-	360,114	360,114
Compensated absences	19,802	-	19,802
Net OPEB liability	229,948	-	229,948
Total liabilities	7,424,258	365,261	7,789,519
Net Assets			
Invested in capital assets, net of related debt	30,396,333	643,800	31,040,133
Restricted for:			
Supplemental levy purposes	304,624	-	304,624
Mental health purposes	2,592,880	-	2,592,880
Rural services purposes	349,257	-	349,257
Secondary roads purposes	2,848,365	-	2,848,365
Capital projects	105,735	-	105,735
Other purposes	1,178,380	-	1,178,380
Unrestricted	3,791,038	30,024	3,821,062
Total net assets	\$ 41,566,612	673,824	42,240,436

See notes to financial statements.

Carroll County

Statement of Activities

Year ended June 30, 2012

		Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 3,040,532	1,030,209	138,253	-
Physical health and social services	1,137,085	268,316	297,564	-
Mental health	2,751,414	689	1,338,281	-
County environment and education	1,248,227	209,994	47,688	45,272
Roads and transportation	5,882,903	522,123	3,140,764	838,265
Governmental services to residents	482,565	384,624	4,000	-
Administration	1,559,067	100,085	-	-
Non-program	272,134	211,880	9,108	-
Total governmental activities	16,373,927	2,727,920	4,975,658	883,537
Business type activities:				
Sewer	63,291	43,974	-	5,117
Total	\$ 16,437,218	2,771,894	4,975,658	888,654

General Revenues:

Property and other county tax levied for general purposes

Tax increment financing

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on disposal of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(1,872,070)	-	(1,872,070)
(571,205)	-	(571,205)
(1,412,444)	-	(1,412,444)
(945,273)	-	(945,273)
(1,381,751)	-	(1,381,751)
(93,941)	-	(93,941)
(1,458,982)	-	(1,458,982)
(51,146)	-	(51,146)
(7,786,812)	-	(7,786,812)
-	(14,200)	(14,200)
(7,786,812)	(14,200)	(7,801,012)
6,066,618	-	6,066,618
34,014	-	34,014
216,627	-	216,627
994,372	-	994,372
111,192	90	111,282
26,228	-	26,228
161,384	-	161,384
7,610,435	90	7,610,525
(176,377)	(14,110)	(190,487)
41,742,989	687,934	42,430,923
\$ 41,566,612	673,824	42,240,436

Carroll County
Balance Sheet
Governmental Funds

June 30, 2012

		Special Revenue	
		Mental	Rural
	General	Health	Services
Assets			
Cash, pooled investments and cash equivalents:			
County Treasurer	\$ 3,235,061	2,967,132	291,962
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	2,435	1,051	-
Succeeding year	3,720,000	915,000	1,438,000
Interest and penalty on property tax	55,973	-	-
Accounts (net of allowance for doubtful accounts of \$104,899)	123,280	-	115
Accrued interest	19,216	-	-
Due from other funds	-	-	-
Due from other governments	95,553	27,434	73,705
Inventories	-	-	-
Prepaid expenditures	101,487	-	-
Total assets	\$ 7,353,005	3,910,617	1,803,782
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 138,092	26,258	589
Salaries and benefits payable	14,407	218	-
Due to other funds	4,456	87	3,091
Due to other governments	52,982	361,478	-
Deferred revenue:			
Succeeding year property tax	3,720,000	915,000	1,438,000
Other	89,604	1,051	-
Total liabilities	4,019,541	1,304,092	1,441,680
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	101,487	-	-
Restricted for:			
Supplemental levy purposes	319,164	-	-
Mental health purposes	-	2,606,525	-
Rural services purposes	-	-	362,102
Secondary roads purposes	-	-	-
Other purposes	-	-	-
Assigned for:			
County Attorney fine collections	75,944	-	-
Capital projects and equipment	-	-	-
Unassigned	2,836,869	-	-
Total fund balances	3,333,464	2,606,525	362,102
Total liabilities and fund balances	\$ 7,353,005	3,910,617	1,803,782

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,795,334	1,454,833	9,744,322
-	64,476	64,476
-	-	3,486
-	-	6,073,000
-	-	55,973
1,745	-	125,140
-	10	19,226
7,634	-	7,634
414,528	73,705	684,925
884,919	-	884,919
7,737	-	109,224
3,111,897	1,593,024	17,772,325
114,280	27,082	306,301
2,601	-	17,226
-	-	7,634
597	-	415,057
-	-	6,073,000
10,000	-	100,655
127,478	27,082	6,919,873
884,919	-	884,919
7,737	-	109,224
-	-	319,164
-	-	2,606,525
-	-	362,102
2,091,763	-	2,091,763
-	1,284,115	1,284,115
-	-	75,944
-	281,827	281,827
-	-	2,836,869
2,984,419	1,565,942	10,852,452
3,111,897	1,593,024	17,772,325

Carroll County

Carroll County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2012

Total governmental fund balances (page 23) \$ 10,852,452

***Amounts reported for governmental activities in the Statement of
Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$57,526,108 and the accumulated depreciation is \$27,129,775.

30,396,333

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.

100,655

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

645,143

Long-term liabilities, including compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(427,971)

Net assets of governmental activities (page 19) \$ 41,566,612

See notes to financial statements.

Carroll County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2012

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,317,296	1,441,945	1,310,151
Local option sales tax	-	-	497,186
Interest and penalty on property tax	24,187	-	-
Tax increment financing	-	-	-
Intergovernmental	690,746	1,388,384	50,040
Licenses and permits	82,447	-	785
Charges for service	1,630,178	689	-
Use of money and property	219,282	-	-
Miscellaneous	44,554	2,276	-
Total revenues	6,008,690	2,833,294	1,858,162
Expenditures:			
Operating:			
Public safety and legal services	2,555,886	-	350,644
Physical health and social services	1,099,826	-	-
Mental health	-	2,740,975	-
County environment and education	828,049	-	146,022
Roads and transportation	-	-	25,000
Governmental services to residents	448,130	-	-
Administration	1,489,098	-	-
Non-program	9,108	-	-
Capital projects	-	-	-
Total expenditures	6,430,097	2,740,975	521,666
Excess (deficiency) of revenues over (under) expenditures	(421,407)	92,319	1,336,496
Other financing sources (uses):			
Sale of capital assets	-	1,148	-
Operating transfers in	391,500	-	-
Operating transfers out	(210,000)	-	(1,340,000)
Total other financing sources (uses)	181,500	1,148	(1,340,000)
Change in fund balances	(239,907)	93,467	(3,504)
Fund balances beginning of year	3,573,371	2,513,058	365,606
Fund balances end of year	\$ 3,333,464	2,606,525	362,102

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	-	6,069,392
-	497,186	994,372
-	-	24,187
-	34,014	34,014
3,432,512	99,266	5,660,948
3,660	-	86,892
-	18,035	1,648,902
-	58,991	278,273
469,915	105,265	622,010
3,906,087	812,757	15,418,990
-	500	2,907,030
-	-	1,099,826
-	-	2,740,975
-	229,624	1,203,695
4,776,195	-	4,801,195
-	-	448,130
-	-	1,489,098
-	-	9,108
1,016,732	88,020	1,104,752
5,792,927	318,144	15,803,809
(1,886,840)	494,613	(384,819)
2,182	-	3,330
1,500,000	52,392	1,943,892
-	(393,892)	(1,943,892)
1,502,182	(341,500)	3,330
(384,658)	153,113	(381,489)
3,369,077	1,412,829	11,233,941
2,984,419	1,565,942	10,852,452

Carroll County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2012

Change in fund balances - Total governmental funds (page 27) \$ (381,489)***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,640,124	
Capital assets contributed by other governments	633,969	
Depreciation expense	<u>(1,694,817)</u>	579,276

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 22,898

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	(2,774)	
Other	<u>(96,412)</u>	(99,186)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	2,699	
Other postemployment benefits	<u>(24,047)</u>	(21,348)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (276,528)

Change in net assets of governmental activities (page 21) \$ (176,377)

See notes to financial statements.

Carroll County
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Assets		
Current assets:		
Cash and pooled investments	\$ 27,134	827,975
Receivables:		
Accounts	3,957	-
Accrued interest	56	1,871
Capital assets, net of accumulated depreciation	1,007,938	-
Total assets	<u>1,039,085</u>	<u>829,846</u>
Liabilities		
Current liabilities:		
Accounts payable	1,123	184,703
USDA loans	4,024	-
Long-term liabilities:		
USDA loans	360,114	-
Total liabilities	<u>365,261</u>	<u>184,703</u>
Net Assets		
Invested in capital assets, net of related debt	643,800	-
Unrestricted	30,024	645,143
Total net assets	<u>\$ 673,824</u>	<u>645,143</u>

See notes to financial statements.

Carroll County
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2012

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	964,762
Reimbursements from employees	-	204,132
Charges for service	43,974	-
Total operating revenues	<u>43,974</u>	<u>1,168,894</u>
Operating expenses:		
Medical claims	-	1,239,967
Administrative fees	-	211,130
Depreciation	26,160	-
Miscellaneous	18,018	-
Total operating expenses	<u>44,178</u>	<u>1,451,097</u>
Operating loss	<u>(204)</u>	<u>(282,203)</u>
Non-operating revenues (expenses):		
Interest income	90	5,675
State and federal grants	5,117	-
Interest expense	(14,943)	-
Miscellaneous	(4,170)	-
Total nonoperating revenues (expenses)	<u>(13,906)</u>	<u>5,675</u>
Change in net assets	(14,110)	(276,528)
Net assets beginning of year	687,934	921,671
Net assets end of year	<u>\$ 673,824</u>	<u>645,143</u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2012

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	964,762
Cash received from employees and others	-	204,132
Cash received from sewer fees	43,612	-
Cash paid to suppliers for services	(18,391)	(1,398,540)
Net cash provided (used) by operating activities	25,221	(229,646)
Cash flows from investing activities:		
Interest on investments	63	7,292
Cash flows from capital and related financing activities:		
Non-operating grant proceeds	123,339	-
Principal paid on USDA loan	(1,734)	-
Interest paid on USDA loan	(14,943)	-
Acquisition of capital assets	(120,489)	-
Miscellaneous	(4,170)	-
Net cash used by capital and related financing activities	(17,997)	-
Net increase (decrease) in cash and cash equivalents	7,287	(222,354)
Cash and cash equivalents beginning of year	19,847	1,050,329
Cash and cash equivalents end of year	\$ 27,134	827,975
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (204)	(282,203)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	26,160	-
Increase in accounts receivable	(362)	-
Increase (decrease) in accounts payable	(373)	52,557
Net cash provided (used) by operating activities	\$ 25,221	(229,646)

See notes to financial statements.

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

Assets

Cash and pooled investments:

County Treasurer	\$ 1,251,452
Other County officials	27,660

Receivables:

Property tax:

Delinquent	34,223
Succeeding year	20,568,000

Accounts	24,571
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Due from other governments	9,094
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Total assets	<u>21,915,000</u>
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Liabilities

Accounts payable	26,535
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Salaries and benefits payable	619
-------------------------------	-----

Due to other governments	21,867,416
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Trusts payable	17,472
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Compensated absences	2,958
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Total liabilities	<u>21,915,000</u>
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Net assets	<u><u>\$ -</u></u>
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See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

Carroll County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Carroll County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Carroll County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Carroll County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Carroll County Auditor's Office.

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported in the Special Revenue and Capital Projects Funds.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Ambulance, Conservation and Development.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary roads construction and maintenance.

Additionally, the County reports the following proprietary funds:

Enterprise Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

The following fiduciary funds are also reported:

Agency Funds are used to account for assets held by the County as an agency for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restricted classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land and buildings	25,000
Land improvements	10,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	30 - 50
Land improvements	10 - 30
Infrastructure	15 - 65
Equipment	2 - 40
Vehicles	4 - 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012,

disbursements exceeded the amount budgeted in the nonprogram function prior to a budget amendment being adopted.

(2) Cash, Pooled Investments and Cash Equivalents

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$185,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 4,456
	Special Revenue:	
	Mental Health	87
	Rural Services	3,091
Total		<u>\$ 7,634</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	\$ 380,000
	Capital Projects	11,500
		<u>391,500</u>
Special Revenue:	General	160,000
Secondary Roads	Special Revenue:	
	Rural Services	1,340,000
		<u>1,500,000</u>
Capital Projects	General	50,000
	Debt Service	2,392
		<u>52,392</u>
Total		<u>\$ 1,943,892</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Governmental activities capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,755,131	-	-	1,755,131
Construction in progress	165,070	1,723,967	(1,637,325)	251,712
Total capital assets not being depreciated	1,920,201	1,723,967	(1,637,325)	2,006,843
Capital assets being depreciated:				
Buildings	6,651,420	-	-	6,651,420
Improvements other than buildings	73,966	-	-	73,966
Equipment and vehicles	8,430,056	577,126	(218,776)	8,788,406
Infrastructure, road network	36,729,911	1,637,325	-	38,367,236
Infrastructure, other	1,638,237	-	-	1,638,237
Total capital assets being depreciated	53,523,590	2,214,451	(218,776)	55,519,265
Less accumulated depreciation for:				
Buildings	2,317,981	126,022		2,444,003
Improvements other than buildings	4,251	3,514	-	7,765
Equipment and vehicles	4,755,339	502,045	(214,674)	5,042,710
Infrastructure, road network	18,535,656	1,026,831	-	19,562,487
Infrastructure, other	36,405	36,405	-	72,810
Total accumulated depreciation	25,649,632	1,694,817	(214,674)	27,129,775
Total capital assets being depreciated, net	27,873,958	519,634	(4,102)	28,389,490
Governmental activities capital assets, net	\$ 29,794,159	2,243,601	(1,641,427)	30,396,333

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 151,016
Physical health and social services	2,249
County environment and education	80,051
Roads and transportation	1,371,305
Governmental services to residents	10,560
Administration	79,636
Total depreciation expense - governmental activities	<u>\$ 1,694,817</u>

Business type activities capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 25,500	-	-	25,500
Capital assets being depreciated:				
Infrastructure	1,041,873	2,267	-	1,044,140
Less accumulated depreciation for:				
Infrastructure	35,542	26,160	-	61,702
Total capital assets being depreciated, net	1,006,331	(23,893)	-	982,438
Business type activities capital assets, net	<u>\$ 1,031,831</u>	<u>(23,893)</u>	<u>-</u>	<u>1,007,938</u>
Total depreciation expense - business type activities				<u>\$ 26,160</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments June 30, 2012 is as follows:

Fund	Description	Amount
General	Services	\$ 52,982
Special Revenue:		
Mental Health	Services	361,478
Secondary Roads	Services	597
		<u>362,075</u>
Total for governmental funds		<u>\$ 415,057</u>
Agency:		
Agricultural Extension Education	Collections	\$ 166,351
County Assessor		582,542
Schools		11,467,364
Community Colleges		618,705
Corporations		7,945,641
Townships		269,319
Auto License and Use Tax		559,443
E911 Service Commission		82,926
All other		<u>175,125</u>
Total for agency funds		<u>\$ 21,867,416</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Compen- sated Absences	Net OPEB Liability	Total
Governmental activities:			
Balance beginning of year	\$ 200,722	205,901	406,623
Increases	255,869	89,592	345,461
Decreases	258,568	65,545	324,113
Balance end of year	\$ 198,023	229,948	427,971
Due within one year	\$ 178,221	-	178,221
<hr/>			
	Mt. Carmel USDA Loan	Maple River USDA Loan	Total
Business type activities:			
Balance beginning of year	\$ 132,872	233,000	365,872
Increases	-	-	-
Decreases	1,734	-	1,734
Balance end of year	\$ 131,138	233,000	364,138
Due within one year	\$ 1,787	2,237	4,024

Mt. Carmel USDA Capital Loan Note

On October 1, 2009, the County issued a \$134,000 Sewer Revenue Capital Loan Note, Series 2009, with a 3.375% fixed interest rate, to the U.S. Department of Agriculture (USDA). The proceeds were used to pay a portion of the costs of improvements and extensions to the Mt. Carmel sewer system, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Mt. Carmel area. The County agreed to make payments of \$516 per month beginning November 1, 2010 and continuing until the principal and interest are fully paid, except the final installment of the entire balance of principal and interest, if not paid sooner, shall become due and payable on October 1, 2049. A summary of the County's obligation under the loan dated October 1, 2009 is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	3.375%	\$ 1,787	4,405	6,192
2014	3.375	1,848	4,344	6,192
2015	3.375	1,911	4,281	6,192
2016	3.375	1,965	4,227	6,192
2017	3.375	2,044	4,148	6,192
2018-2022	3.375	11,312	19,648	30,960
2023-2027	3.375	13,391	17,569	30,960
2028-2032	3.375	15,846	15,114	30,960
2033-2037	3.375	18,771	12,189	30,960
2038-2042	3.375	22,222	8,738	30,960
2043-2047	3.375	26,309	4,651	30,960
2048-2050	3.375	13,732	564	14,296
Total		\$ 131,138	99,878	231,016

Maple River USDA Capital Loan Note

On June 27, 2011, the County issued a \$233,000 Sewer Revenue Capital Loan Note, Series 2011, with a 4.5% fixed interest rate, to the U.S. Department of Agriculture (USDA). The proceeds were used to pay a portion of the costs of improvements and extensions to the Maple River sewer system, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Maple River area, and repay the Capital Loan Anticipation Note issued on November 24, 2009. The County agreed to make payments of \$1,058 per month beginning July 27, 2012 and continuing until the principal and interest are fully paid, except the final installment of the entire balance of principal and interest, if not paid sooner, shall become due and payable on July 27, 2051. A summary of the County's obligation under the loan dated June 27, 2011 is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	4.50%	\$ 2,237	10,459	12,696
2014	4.50	2,340	10,356	12,696
2015	4.50	2,447	10,249	12,696
2016	4.50	2,532	10,164	12,696
2017	4.50	2,677	10,019	12,696
2018-2022	4.50	15,319	48,161	63,480
2023-2027	4.50	19,185	44,295	63,480
2028-2032	4.50	24,006	39,474	63,480
2033-2037	4.50	30,093	33,387	63,480
2038-2042	4.50	37,689	25,791	63,480
2043-2047	4.50	47,203	16,277	63,480
2048-2052	4.50	47,272	4,584	51,856
Total		\$ 233,000	263,216	496,216

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$393,992, \$339,095 and \$319,354, respectively, equal to the required contributions for each year.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The

Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2012 were \$144,598.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 105 active and 14 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under 65 may convert unused sick days to health insurance at retirement. Ten days of sick leave equals one month of single coverage up to a 12 month maximum. Otherwise, retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 89,539
Interest on net OPEB obligation	8,236
Adjustment to annual required contribution	(8,183)
Annual OPEB cost	89,592
Contributions made	(65,545)
Increase in net OPEB obligation	24,047
Net OPEB obligation beginning of year	205,901
Net OPEB obligation end of year	<u>\$ 229,948</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$65,545 to the medical plan. Plan members eligible for benefits contributed \$33,157, or 33.6% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 99,857	31.2%	\$ 137,145
2011	99,980	31.2	205,901
2012	89,592	73.2	229,948

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$885,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$885,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,274,000 and the ratio of the UAAL to covered payroll was 20.7%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Combined Mortality fully generational using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$381 per month for retirees and \$780 for retirees and spouse less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2012 was \$964,762.

Amounts payable from the Internal Service Fund at June 30, 2012 total \$184,703, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$645,143 at June 30, 2012 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 132,146
Incurred claims (including claims incurred but not reported at June 30, 2012)	1,239,967
Payments on claims during the fiscal year	<u>1,187,410</u>
Unpaid claims end of year	<u>\$ 184,703</u>

(12) Revenue Bonds

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On November 22, 2006, the County issued \$6,575,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to finance a portion of the cost of the construction of a four-story addition to the hospital, to equip the addition, and to add parking structures and a new surgery center. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

On December 1, 2008, the County issued \$1,400,000 of Facility Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of New Opportunities Inc. for the purchase of land and a building and to equip the building to be used as a Head Start/Outreach facility. The bonds are not a general obligation of the County, but are payable solely from the net revenues of New Opportunities, Inc. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

(13) County Care Facility

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing July 1, 2011 and ending June 30, 2014.

(14) Developer Agreement

The County entered into a developer agreement on November 28, 2007 to assist in an urban renewal project with Templeton Crop Nutrients, LLC. The County agreed to rebate up to 100% of the incremental property tax paid by the developer in exchange for the costs of constructing a new fertilizer storage and distribution facility. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated semi-annually beginning in the fiscal year ended June 30, 2009 for five years. During the year ended June 30, 2012, \$34,014 was rebated to the developer, Templeton Crop Nutrients, LLC.

Carroll County

Required Supplementary Information

Carroll County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2012

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,024,367	-	7,024,367
Interest and penalty on property tax	25,923	-	25,923
Intergovernmental	5,961,708	68,654	5,893,054
Licenses and permits	85,075	-	85,075
Charges for service	1,682,098	-	1,682,098
Use of money and property	276,630	198	276,432
Miscellaneous	674,603	45,272	629,331
Total receipts	15,730,404	114,124	15,616,280
Disbursements:			
Public safety and legal services	2,947,361	-	2,947,361
Physical health and social services	1,113,687	-	1,113,687
Mental health	2,706,757	-	2,706,757
County environment and education	1,149,451	108,944	1,040,507
Roads and transportation	4,742,622	-	4,742,622
Governmental services to residents	449,965	-	449,965
Administration	1,490,694	-	1,490,694
Non-program	201,925	-	201,925
Capital projects	1,087,042	-	1,087,042
Total disbursements	15,889,504	108,944	15,780,560
Excess (deficiency) of receipts over (under) disbursements	(159,100)	5,180	(164,280)
Other financing sources, net	3,330	-	3,330
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(155,770)	5,180	(160,950)
Balance beginning of year	9,964,568	107,911	9,856,657
Balance end of year	\$ 9,808,798	113,091	9,695,707

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,046,093	7,046,093	(21,726)
22,000	22,000	3,923
5,166,174	5,359,174	533,880
94,300	94,300	(9,225)
1,794,830	1,647,830	34,268
264,976	282,976	(6,544)
562,235	592,978	36,353
14,950,608	15,045,351	570,929
3,033,096	3,086,824	139,463
1,238,971	1,230,899	117,212
3,429,946	3,429,946	723,189
1,104,655	1,056,889	16,382
4,920,700	5,070,700	328,078
474,474	478,082	28,117
1,608,759	1,531,217	40,523
100,000	202,750	825
1,288,600	1,261,543	174,501
17,199,201	17,348,850	1,568,290
(2,248,593)	(2,303,499)	2,139,219
-	-	3,330
(2,248,593)	(2,303,499)	2,142,549
9,193,405	9,856,658	(1)
6,944,812	7,553,159	2,142,548

Carroll County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,730,404	(311,414)	15,418,990
Expenditures	15,889,504	(85,695)	15,803,809
Net	(159,100)	(225,719)	(384,819)
Other financing sources, net	3,330	-	3,330
Beginning fund balances	9,964,568	1,269,373	11,233,941
Ending fund balances	\$ 9,808,798	1,043,654	10,852,452

See accompanying independent auditor's report.

Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise Funds, Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$149,649. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the nonprogram function prior to a budget amendment being adopted.

Carroll County
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2008	-	\$ 898	898	0.0%	\$ 4,158	21.6%
2011	July 1, 2008	-	898	898	0.0	4,132	21.7
2012	July 1, 2011	-	885	885	0.0	4,274	20.7

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Carroll County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

			Special
	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts
Assets			
Cash and pooled investments:			
County Treasurer	\$ 8,638	30,165	48,615
Conservation Foundation	-	-	-
Accrued interest receivable	4	6	-
Due from other governments	-	-	-
Total assets	\$ 8,642	30,171	48,615
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 3,547	-	-
Fund balances:			
Restricted for other purposes	5,095	30,171	48,615
Assigned for capital projects and equipment	-	-	-
Total fund balances	5,095	30,171	48,615
Total liabilities and fund balances	\$ 8,642	30,171	48,615

See accompanying independent auditor's report.

Revenue			
Conservation Foundation	Local Option Sales Tax	Capital Projects	Total
-	956,318	411,097	1,454,833
64,476	-	-	64,476
-	-	-	10
-	73,705	-	73,705
64,476	1,030,023	411,097	1,593,024
-	-	23,535	27,082
64,476	1,030,023	105,735	1,284,115
-	-	281,827	281,827
64,476	1,030,023	387,562	1,565,942
64,476	1,030,023	411,097	1,593,024

Carroll County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2012

	Resource	County	Special
	Enhance- ment and Protection	Recorder's Records Management	Drainage Districts
Revenues:			
Local option sales tax	\$ -	-	-
Tax increment financing	-	-	-
Intergovernmental	12,813	-	65,258
Charges for service	-	4,466	-
Use of money and property	15	72	-
Miscellaneous	-	-	-
Total revenues	12,828	4,538	65,258
Expenditures:			
Operating:			
Public safety	-	-	-
County environment and education	9,766	-	61,548
Capital projects	-	-	-
Total expenditures	9,766	-	61,548
Excess (deficiency) of revenues over (under) expenditures	3,062	4,538	3,710
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,062	4,538	3,710
Fund balances beginning of year	2,033	25,633	44,905
Fund balances end of year	\$ 5,095	30,171	48,615

See accompanying independent auditor's report.

Revenue					
Conservation Foundation	Local Option Sales Tax	Tax Increment Financing	Debt Service	Capital Projects	Total
-	497,186	-	-	-	497,186
-	-	34,014	-	-	34,014
-	-	-	-	21,195	99,266
-	-	-	-	13,569	18,035
198	-	-	-	58,706	58,991
45,272	23,763	-	-	36,230	105,265
45,470	520,949	34,014	-	129,700	812,757
-	500	-	-	-	500
47,396	76,900	34,014	-	-	229,624
-	-	-	-	88,020	88,020
47,396	77,400	34,014	-	88,020	318,144
(1,926)	443,549	-	-	41,680	494,613
-	-	-	-	52,392	52,392
-	(380,000)	-	(2,392)	(11,500)	(393,892)
-	(380,000)	-	(2,392)	40,892	(341,500)
(1,926)	63,549	-	(2,392)	82,572	153,113
66,402	966,474	-	2,392	304,990	1,412,829
64,476	1,030,023	-	-	387,562	1,565,942

Schedule 3

Carroll County

Combining Schedule of Net Assets
Nonmajor Proprietary Funds

June 30, 2012

	Enterprise		
	Mt. Carmel Sewer	Maple River Sewer	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 21,788	5,346	27,134
Receivables:			
Accounts	1,295	2,662	3,957
Accrued interest	24	32	56
Capital assets, net of accumulated depreciation	363,805	644,133	1,007,938
Total assets	386,912	652,173	1,039,085
Liabilities			
Current liabilities:			
Accounts payable	134	989	1,123
USDA loans	1,787	2,237	4,024
Long-term liabilities:			
USDA loans	129,351	230,763	360,114
Total liabilities	131,272	233,989	365,261
Net Assets			
Invested in capital assets, net of related debt	232,667	411,133	643,800
Unrestricted	22,973	7,051	30,024
Total net assets	\$ 255,640	418,184	673,824

See accompanying independent auditor's report.

Carroll County

Combining Schedule of Revenues, Expenses and
Nonmajor Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2012

	Enterprise		
	Mt. Carmel	Maple River	
	Sewer	Sewer	Total
Operating revenues:			
Charges for service	\$ 16,078	27,896	43,974
Operating expenses:			
Depreciation	9,495	16,665	26,160
Miscellaneous	6,644	11,374	18,018
Total operating expenses	16,139	28,039	44,178
Operating loss	(61)	(143)	(204)
Non-operating revenues (expenses):			
Interest income	54	36	90
State and federal grants	-	5,117	5,117
Interest expense	(4,458)	(10,485)	(14,943)
Miscellaneous	(1,320)	(2,850)	(4,170)
Total nonoperating revenues (expenses)	(5,724)	(8,182)	(13,906)
Change in net assets	(5,785)	(8,325)	(14,110)
Net assets beginning of year	261,425	426,509	687,934
Net assets end of year	\$ 255,640	418,184	673,824

See accompanying independent auditor's report.

Schedule 5

Carroll County

Combining Schedule of Cash Flows
Nonmajor Proprietary Funds

Year ended June 30, 2012

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Cash flows from operating activities:			
Cash received from sewer fees	\$ 16,178	27,434	43,612
Cash paid to suppliers for services	(6,784)	(11,607)	(18,391)
Net cash provided by operating activities	9,394	15,827	25,221
Cash flows from investing activities:			
Interest on investments	59	4	63
Cash flows from capital and related financing activities:			
Non-operating grant proceeds	-	123,339	123,339
Principal paid on USDA loan	(1,734)	-	(1,734)
Interest paid on debt	(4,458)	(10,485)	(14,943)
Acquisition of capital assets	-	(120,489)	(120,489)
Miscellaneous	(1,320)	(2,850)	(4,170)
Net cash used by capital and related financing activities	(7,512)	(10,485)	(17,997)
Increase in cash and cash equivalents	1,941	5,346	7,287
Cash and cash equivalents beginning of year	19,847	-	19,847
Cash and cash equivalents end of year	\$ 21,788	5,346	27,134
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (61)	(143)	(204)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	9,495	16,665	26,160
(Increase) decrease in accounts receivable	100	(462)	(362)
Decrease in accounts payable	(140)	(233)	(373)
Net cash provided by operating activities	\$ 9,394	15,827	25,221

See accompanying independent auditor's report.

Carroll County

Carroll County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, pooled investments and cash equivalents:				
County Treasurer	\$ -	1,229	327,403	85,069
Other County officials	27,660	-	-	-
Receivables:				
Property tax:				
Delinquent	-	122	180	10,295
Succeeding year	-	165,000	266,000	11,372,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 27,660	166,351	593,583	11,467,364
Liabilities				
Accounts payable	\$ -	-	8,083	-
Salaries and benefits payable	-	-	-	-
Due to other governments	10,188	166,351	582,542	11,467,364
Trusts payable	17,472	-	-	-
Compensated absences	-	-	2,958	-
Total liabilities	\$ 27,660	166,351	593,583	11,467,364

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
4,253	41,470	2,319	559,443	57,953	172,313	1,251,452
-	-	-	-	-	-	27,660
452	23,171	-	-	-	3	34,223
614,000	7,881,000	267,000	-	-	3,000	20,568,000
-	-	-	-	24,571	-	24,571
-	-	-	-	9,094	-	9,094
618,705	7,945,641	269,319	559,443	91,618	175,316	21,915,000
-	-	-	-	8,692	9,760	26,535
-	-	-	-	-	619	619
618,705	7,945,641	269,319	559,443	82,926	164,937	21,867,416
-	-	-	-	-	-	17,472
-	-	-	-	-	-	2,958
618,705	7,945,641	269,319	559,443	91,618	175,316	21,915,000

Carroll County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 34,084	166,538	478,146	11,319,161
Additions:				
Property and other county tax	-	161,389	259,752	11,098,107
E911 surcharge	-	-	-	-
State tax credits	-	9,886	14,681	671,876
Office fees and collections	484,483	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	184,525	-	-	-
Miscellaneous	-	-	-	-
Total additions	669,008	171,275	274,433	11,769,983
Deductions:				
Agency remittances:				
To other funds	244,493	-	-	-
To other governments	223,875	171,462	158,996	11,621,780
Trusts paid out	207,064	-	-	-
Total deductions	675,432	171,462	158,996	11,621,780
Balances end of year	\$ 27,660	166,351	593,583	11,467,364

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
574,755	7,766,622	249,156	559,624	174,004	253,661	21,575,751
600,157	7,686,751	261,644	-	-	2,938	20,070,738
-	-	-	-	162,964	-	162,964
34,117	361,252	16,121	-	-	180	1,108,113
-	-	-	-	-	-	484,483
-	-	-	6,953,011	-	-	6,953,011
-	-	-	-	-	12,586	12,586
-	-	-	-	-	-	184,525
-	-	-	-	-	168,586	168,586
634,274	8,048,003	277,765	6,953,011	162,964	184,290	29,145,006
-	-	-	204,061	-	-	448,554
590,324	7,868,984	257,602	6,749,131	245,350	262,635	28,150,139
-	-	-	-	-	-	207,064
590,324	7,868,984	257,602	6,953,192	245,350	262,635	28,805,757
618,705	7,945,641	269,319	559,443	91,618	175,316	21,915,000

Carroll County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2012	2011	2010
Revenues:			
Property and other county tax	\$ 6,069,392	6,640,519	6,249,428
Local option sales tax	994,372	1,043,680	916,542
Interest and penalty on property tax	24,187	28,684	32,778
Tax increment financing	34,014	35,999	35,688
Intergovernmental	5,660,948	6,973,234	5,991,574
Licenses and permits	86,892	104,508	101,193
Charges for service	1,648,902	1,529,771	1,658,603
Use of money and property	278,273	243,609	260,454
Fines, forfeitures and defaults	-	-	-
Miscellaneous	622,010	794,981	874,176
Total	\$ 15,418,990	17,394,985	16,120,436
Expenditures:			
Operating:			
Public safety and legal services	\$ 2,907,030	2,856,102	2,758,548
Physical health and social services	1,099,826	1,137,806	1,132,825
Mental health	2,740,975	2,249,772	2,156,469
County environment and education	1,203,695	1,076,566	1,181,604
Roads and transportation	4,801,195	4,818,013	4,546,295
Governmental services to residents	448,130	418,624	415,692
Administration	1,489,098	1,352,842	1,323,946
Non-program	9,108	865,220	148,626
Debt service	-	78,602	90,409
Capital projects	1,104,752	1,451,355	1,267,519
Total	\$ 15,803,809	16,304,902	15,021,933

See accompanying independent auditor's report.

Modified Accrual Basis						
2009	2008	2007	2006	2005	2004	2003
6,151,523	5,862,009	5,659,130	5,408,304	5,096,298	5,129,098	4,996,273
945,460	811,247	940,793	838,355	757,912	262,439	-
18,935	41,163	36,749	29,104	28,243	45,758	35,207
36,999	-	-	-	-	-	-
5,238,692	5,487,048	4,828,731	4,748,882	4,775,821	4,632,453	5,011,828
146,138	124,602	86,241	74,338	55,143	66,889	77,990
1,646,789	1,761,086	1,682,553	1,479,616	1,421,620	1,298,488	1,233,218
321,974	442,342	400,106	299,785	220,883	184,790	212,256
-	-	-	-	3,711	-	-
694,645	704,791	682,760	905,034	759,629	1,483,180	462,391
15,201,155	15,234,288	14,317,063	13,783,418	13,119,260	13,103,095	12,029,163
2,653,229	2,539,995	2,374,712	2,325,097	2,090,553	1,991,577	1,978,593
1,039,186	980,801	935,308	939,587	932,524	1,136,692	1,099,460
2,625,463	3,103,527	3,003,054	2,669,843	2,675,722	2,323,078	2,522,514
1,122,372	1,082,863	914,289	842,254	852,196	1,314,236	785,261
3,775,781	3,758,266	3,581,795	3,407,711	3,584,619	3,946,971	3,096,413
464,272	440,751	430,408	549,691	349,093	349,000	384,115
1,277,280	1,215,715	1,194,823	1,188,092	1,116,364	1,081,846	1,032,052
134,675	233,406	218,443	153,139	108,309	351,681	273,593
91,002	127,520	193,531	271,719	276,627	37,744	525,732
559,096	648,873	824,558	770,111	1,265,004	1,719,057	1,147,195
13,742,356	14,131,717	13,670,921	13,117,244	13,251,011	14,251,882	12,844,928

Carroll County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated April 30, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Carroll County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Carroll County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) through (F) to be significant deficiencies.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Carroll County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Carroll County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carroll County and other parties to whom Carroll County may report and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Carroll County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 30, 2013

Carroll County

Carroll County

Schedule of Findings

Year ended June 30, 2012

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Carroll County Ambulance Department – The Ambulance Department bills for services provided. Collections for those services are remitted directly to the County Treasurer's Office. The County Treasurer's Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. The Ambulance Department attempts to reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month, but unexplained variances remain. Also, written documentation of independent approval of accounts receivable written off as uncollectable is not formally documented.

Recommendation – The Ambulance Department should reconcile the collections recorded in its accounts receivable computer system with the actual collections recorded by the County Treasurer in total each month. Variances should be researched and explanations of variances should be included for the reconciling items. The Department should maintain written documentation of the independent approval of accounts receivable which are written off.

Response – The Ambulance Department will continue to follow the State Auditor's process for balancing accounts and write offs.

Conclusion – Response accepted.

- (B) Computer Systems – Passwords are not changed every 60 to 90 days. The County's software does not require users to periodically change log-ins/passwords.

Recommendation – The County should develop written policies to improve the County's control over its computer systems.

Response – All passwords for on-line accounts are changed on a regular basis. Passwords for email accounts have also been changed. A policy for changing passwords is in draft form.

Conclusion – Response accepted.

- (C) Board of Health – One individual has custody of receipts and performs all record keeping duties.

Accurate accounts receivable listings were not prepared and retained at month end. Also, amounts billed for Medicare, Medicaid and other reimbursements were not reconciled to collections and accounts receivable.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Board should review the operating procedures of the office to obtain the maximum internal control possible under

Carroll County

Schedule of Findings

Year ended June 30, 2012

the circumstances and consider using other County employees or officials to provide additional control.

The accounts receivable listing should be accurately prepared monthly and retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly and retained.

Response – We have very few billable clients and receive checks from funding entities only one time monthly. We only have one office staff person. There is not enough work, nor money in the budget to hire someone for these duties.

Outstanding accounts receivable are very apparent in our detailed monthly billings journals. Again, we have so few billable accounts, it is not worth the effort to rekey them in the computer for a one-page reconciliation for audit purposes. Each account is clearly marked by the amount and date paid. The supervisor or assistant supervisor or anyone needing to know can easily see what is outstanding if there is a question. It is very clear to see any outstanding accounts. Some of the waivers have a total of two or three clients.

It may not be in the form auditors would prefer, but to us it is a waste of time and money to do more than we are currently doing.

Conclusion – Response acknowledged. A list of unpaid billings should be prepared at the end of the month. Also, a reconciliation of billings, collections and accounts receivable should be prepared monthly and retained. In addition, the Office should consider using other County employees or officials to provide additional control.

- (D) County Sheriff – One individual in the Sheriff's Office collects cash, prepares the deposit and prepares the monthly bank reconciliations. There is no evidence of independent review of the bank reconciliations. Also, one individual in the Sheriff's Office collects, records, deposits and reconciles the Commissary account. In addition, no initial listing is prepared of money or checks received in the mail.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Sheriff's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. In addition, the bank reconciliations should be reviewed by an independent person. The reconciliation should be signed or initialed and dated by the reviewer. Also, an initial listing of receipts should be prepared and reconciled to the amount deposited.

Response – The Sheriff's Department will cross train current staff or hire a part-time person to help segregate key duties. The part-time office assistant will perform an independent review of the bank reconciliation on a monthly basis, documenting their review by initialing and dating the reconciliation. An initial listing of receipts will be maintained and reconciled to amounts deposited.

Conclusion – Response accepted.

Carroll County

Schedule of Findings

Year ended June 30, 2012

- (E) County Recorder – One individual in the Recorder's Office collects cash, prepares the deposit and prepares the monthly bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Recorder's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control.

Response – The Recorder's Office is a two full time person and one part time clerk office. The Recorder, Deputy and part time clerk cross check deposits, monthly bank statements and the daily spreadsheets.

Conclusion – Response acknowledged. However, duties should be segregated to the extent possible under the circumstances. The Office should consider using other County employees or officials to provide additional control.

- (F) County Conservation – One individual in the Conservation Office records receipts, prepares the deposit and prepares the monthly bank reconciliations. There is no evidence of independent review of the bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Conservation Office should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control. In addition, bank reconciliations should be reviewed by an independent person. The reconciliation should be signed or initialed and dated by the reviewer.

Response – We will review assigned duties and segregate duties where possible. The monthly bank reconciliations will be reviewed by the Conservation Director, indicated by a signature and date.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

Carroll County

Schedule of Findings

Year ended June 30, 2012

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amount budgeted in the non-program function prior to adoption of a budget amendment.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Two warrants were written on January 23, 2012 which overexpended the non-program function. The budget amendment occurred on January 30, 2012, one week after the warrants were written, but in the same accounting period. To avoid this in the future, we will make sure a budget amendment is in place before warrants are written.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Louie Grote, Veterans Affairs Director, owner of LNC Computers	IT services	\$30,955
Judy Lengemann, Sheriff's Department jailer, independent contractor	Jail meals	13,712
Mark Beardmore, Board of Supervisors, manager at Wittrock Motors	Auto sales and repair, per bid	12,214
Joann Martin, Auditor's Office, wife of Steve Hoogestraat, independent contractor	Sanitarian contract labor and mileage	10,053
Jamie Wuebker, part time ambulance employee, owner of D & J Construction	Install and repair doors, per bid	2,226
Ken Myers, Sheriff's Deputy, owner of Myers Flying Service	Transports	1,178
Peggy Weitzl, County Treasurer, wife of Dan Weitzl, who owns Weitzl Tiling	Tile work	1,160
Jessica Badding, Case Management, wife of Mike Badding, who is employed by Webb Control	Insect spraying	1,140
Alan Brinks, Secondary Roads employee, independent contractor	Mowing	855

Carroll County

Schedule of Findings

Year ended June 30, 2012

Name, Title and Business Connection	Transaction Description	Amount
Steve Olberding, Secondary Roads employee, father of co-owner of Eagle Pressure Washers	Oil furnace repairs	731
Dan Heiman, part time Conservation employee, Heiman business owner	Hay/corn	723
Kristyn Gerhard, part-time Mental Health Advocate, independent contractor	Consultation	689
RaeAnn Meyer, Ambulance employee, death investigator	Medical exam investigation	600
Jean Seidl, Treasurer's Office, wife of Mike Seidl, who owns Seidl Construction	Mowing	570
Bill Fish, Ambulance Director, death investigator	Medical exam investigation	500
Patricia Simons, Recorder's Office, wife of Tom Simons, independent contractor	Stockpile rent	100
Kourtney Irlbeck, Auditor's Office, wife of Scot Irlbeck, who owns SI Auto Body	Ambulance repair	55

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with LNC Computers and Judy Lengemann may represent a conflict of interest since total transactions exceeded \$1,500 during the year and transactions were not competitively bid.

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transaction with Wittrock Motors and D & J Construction do not appear to represent conflicts of interest since services were bid.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Steve Hoogestraat do not appear to represent a conflict of interest since the Auditor's Office employee's employment is not directly affected as a result of the contract.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Myers Flying Service, Weidl Tiling, Webb Control, Alan Brinks, Eagle Pressure Washers, Dan Heiman, Kristyn Gerhard, RaeAnn Meyer, Seidl Construction, Bill Fish, Tom Simons and SI Auto Body do not appear to represent conflicts of interest since total transactions with each were less than \$1,500 during the year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – We will consult legal counsel for disposition of this matter.

Conclusion –Response accepted.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Carroll County

Schedule of Findings

Year ended June 30, 2012

- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.

- (10) County Extension Office Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Extension Office may have control over collecting, depositing and reconciling receipts. Bank reconciliations are not prepared or reviewed by an independent person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel or other County employees or officials to provide additional control through review of financial transactions, reconciliations and reports.

Response – The Office will continue to segregate duties as best as possible with the limited number of employees in the Office.

Conclusion – Response accepted.

Carroll County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor II
Keith C. Kistenmacher, Senior Auditor
Tyler J. Guffy, Assistant Auditor
Matthew S. Nye, Assistant Auditor
Todd E. Pudenz, Assistant Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State